

# Victorian Co-operative News

Co-operative Federation of Victoria Ltd

- July/August 2000 -

FROM THE EXECUTIVE OFFICER'S DESK

## Future Directions Workshop

By Graeme Charles

The Federation's Board is organising a workshop, 'Federation Future Directions', for Federation members and anyone else interested in the future role of the Federation and co-operatives generally.

The date, time and venue will be advised closer to the event.

The Board is concerned about the Federation's existing membership levels and it wants members and potential members to have a say about the Federation's future.

I have been looking at the United Dairyfarmers of Victoria's discussion paper, 'Shaping the UDV for the Future', and it is certainly worth sharing some of the questions its project team has developed. They may help you think about this important issue facing the Federation.



These are some of the elements found in successful member organisations:

- a clear charter which specifies areas of focus;
- written policies that are adhered to;
- regular communication with members;
- canvassing and responding to members' views;
- financial security; and
- if geographically based, links to like organisations in other areas, such as interstate or overseas.

We are progressively addressing these elements.

### Future challenges for the CFV

Co-operatives and the Federation will continue to operate in a complex and competitive environment. The need to develop links and partnerships with other organisations seems of paramount importance.

All membership organisations will have to position themselves to remain relevant to changing needs and competition for dollars. The CFV will have to be clear about its purpose, role and membership.

I hope these questions and thoughts may help you consider the Federation's future and that you will come and have your say at the workshop.

### Members

Who are the current and future members and what categories may be appropriate?

Membership organisations need to appeal to a range of people with diverse needs, levels of success and the value they put on a 'peak' organisation. The priority given to lobbying, services and commercial activities will be valued differently by members.

Different membership categories may be appropriate to meet members needs.

What functions can/must the Federation provide to its future members?

A membership organisation's focus generally covers lobbying and service provision. The balance between the two varies to reflect the external environment and members' needs.

The functions of a membership organisation are to:

- represent;
- lobby; and
- provide services where there is market failure or the commercial benefit to members is greater.

How then can the CFV best meet members' needs?

### Rural and regional Victoria

The Federation, in conjunction with a number of other organisations, has submitted a major proposal to the Victorian Government arguing the case for government support to help rural Victorians identify and act on co-operative opportunities.

The submission has identified these elements:

- **Small grants program** – to help stimulate the development of new co-operatives and pilot co-operative schemes.
- **Grassroots facilitation** – support for existing co-operative peak bodies and groups.
- **Education, research and development** – to build sustainability and growth into the implementation of the programs developed through expanding local knowledge of international research.
- **Media and communications** – including a media strategy to maximise the value and 'reach' of the proposal's other elements.

I recently met with the Minister for Agriculture and, subsequently, with his senior adviser, who will respond to the submission soon.

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# What is a co-operative?

by David Griffiths

Co-operatives are owned and controlled by their members, which distinguishes them from public and private enterprises.

But it is important to go beyond the rhetoric and be more precise and rigorous. Co-operative ownership and control means members:

- control the co-operative;
- use the co-operative; and
- benefit from the co-operative.

The reality, however, may be different and this needs to be faced and examined. A co-operative may, for instance, have a small number of members and a large group of users – most of whom are not members. This is a new spin on co-operative democracy – a minority of users owning and controlling the co-operative.

The challenge for any co-operative confronted by this reality is to encourage the majority of users to become members. This presupposes that the minority of members are committed to open membership – and sharing their ownership and control.

This may not be easy to achieve because the users may like the service provided by the co-operative but



not be interested in becoming members. The longer non-members have use of the service, the more difficult it is to persuade them to become members.

This creates another challenge for the co-operative – to educate its users about the co-operative, and co-operative philosophy and principles.

This, in turn, may create yet another challenge if the co-operative has emphasised its service to its users – rather than the uniqueness of co-operation.

There are co-operatives, unfortunately, who conceal their co-operativeness and prefer that their users and others perceive them to be just another business. This denial of co-operation creates an identity crisis.

Co-operator, **John Gill**, has warned that a critical factor in the demise of the Victorian Producers' Co-operative Co. was its trading with non-members.

The co-operative was equally serving members and non-members, which created conflicting loyalties for the organisation.

Any co-operative with member and non-member users is creating a difficult dynamic. The fewer the members and the greater the non-members, the more problematic the dynamics of the organisation.

Active membership provisions are a key requirement of the Co-operatives Act and the rules for all co-operatives. It was assumed, however, that members and users were one and the same.

## Web site

Work is continuing on the Federation's web site, Co-opNet. It is hoped that it will be launched at the AGM. The site, which is being developed by Federation member, North East Telecommunications Co-operative, will include a members only section.

## Energy aggregation workshop

The Small Consumer Energy Aggregation Workshop was held on August 1, 2000, at the City of Moreland.

It was an illustration of the benefits of strategic alliances, being co-convened with Co-operative Energy and the Victorian Local Governance Association, with sponsorship from TXU Retail.

### CO-OPERATION AWARDS

**Nominations are being called for this year's Co-operation Awards. There are four awards:**

- **Co-operative of the Year**
- **Co-operator of the Year**
- **Co-operative Distinguished Service**
- **Co-operator Distinguished Service**

**All co-operatives and co-operators in Victoria are eligible to nominate. An individual or a co-operative may nominate his/her/itself.**

**These documents are available from the Executive Officer, Graeme Charles:**

- **Co-operation Award Guidelines**
- **Co-operation Awards Application Form**

**The closing date for nominations is August, 31, 2000. The awards will be presented at the AGM.**

**For the third year, Co-operative Energy is donating co-operative books as prizes.**

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## Restoring choice

On July 1, the Federation sent a letter to the Victorian Minister for Health, **John Thwaites**, about the process being used by the Department of Human Services to restore elected community representatives to Community Health Centres.

The Federation is concerned that the Department has ignored its submission, not even acknowledging in a second consultation paper that there was a co-operative option.

## Government inquiries

On June 14, a letter was sent to the Premier, **Steve Bracks**, expressing concern that the Independent Review of Government Contracts had ruled out considering the co-operation option. He has been asked to ensure it is considered by future inquiries.

## Agricultural directors seminar

Monash University, in association with the Federation, will hold its annual agribusiness co-operative directors seminar on November 18-19.

**Professor Bruce Anderson**, from Cornell University in the US, will lead a couple of sessions over the weekend. He has just completed a study of three major US co-operatives, including the prominent fruit processing co-operative, Ocean Spray, and will be exploring strategic management issues in the light of insights gained during this study.

**Contact:** Dr Lawrie Dooley, phone (03) 9903 2757.

## CFV BOARD OF DIRECTORS

**David Griffiths (Co-operative Energy) – chairman**  
**Rolf Wilkens (Swinburne Bookshop Co-operative)**  
**John Luckman (YCW Co-operative Society)**  
**Niel Black (Western Victorian Dairy Research & Demonstration Farm Co-operative)**  
**Vern Hughes (New Market Co-operative)**  
**Valerie Ogier (Co-operative Purchasing Services)**  
**Malcolm Boyce (Emerald & District Co-operative Society)**  
**Ron Stone (Ballarat Community Development Centre Co-operative Ltd)**  
**Graeme Charles – Executive Officer**

## Director vacancies

Federation rules provide for a board of 10 directors, so two positions remain unfilled.

The Board may appoint directors to fill casual vacancies. They will hold office until the next annual general meeting, when they may stand for election.

The Board may also nominate one or two independent directors for approval by members at the annual general meeting.

If you are interested in being a Federation Director, phone Graeme Charles on (03) 5728 2005 or David Griffiths on (03) 9770 9916.

## IN THE ACT ... News from the Victorian Registry of Co-operatives

# The need to comply with the Co-operatives Act 1996

Under the Co-operatives Act 1996, all co-operatives are required to have primary activity and active membership provisions in their rules.

A two-year transitional period lapsed on September 30, 1999. The Registrar granted further extensions until June 30, 2000.

By June 30, 2000, 105 co-operatives had still not applied to change their rules to incorporate active membership provisions in accordance with Part 6 of the Act. A further 114 co-operatives have had rules approved by the Registrar but not yet adopted them.

The Registrar has commenced a

process whereby non-complying co-operatives will be directed to alter their rules in the manner specified by instrument issued under Schedule 5, Clause 9 (2) of the Act.

If a co-operative fails to alter its rules as required by the instrument within the specified period, the Registrar will alter the rules by notation on the registered copy of the rules.

About 40 co-operatives were issued directions to alter their rules during July 2000. The remaining non-compliant co-operatives will be served with notices over the next two months.

## CBAV CONTACTS

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**(03) 9627 6200**

# SouthEast Housing Co-operative

The Frankston, Oakleigh and Ringwood/Croydon Rental Housing Co-operatives merged on June 12, 2000, to form the SouthEast Housing Co-operative – the first merger to use a co-operative structure.

**David Griffiths**, Chairperson of the Co-operative Federation of Victoria, presided over the new co-operative's inaugural meeting in Dandenong. It attracted more than 60 members.

The SouthEast Housing Co-operative is a tenant-managed rental housing co-operative. It manages housing for low-income households in Melbourne's southern and eastern suburbs.

The co-operative leases 101 properties on a permanent basis for its members from the Department of Human Services (DHS).

A board of directors made up of eight member directors and one independent director is responsible for the co-operative's management. Members elect directors from their own ranks.

SouthEast also has three area committees based in Oakleigh, Frankston and Ringwood/Croydon to help run the co-operative.

The merger was motivated by two main factors:

1. A need for a more professional, cost-efficient and accountable organisation capable of surviving into the future, while securing housing for current and future members, and expanding the number of properties under its management.
2. The State Government's decision to re-structure the community housing sector, driven by the need for greater cost efficiency and accountability.

The merger of the co-operatives followed two years of difficult negotiations, and hard work by members and staff.

Negotiations took place on two levels – between the participating co-operatives' membership and with the DHS.

The difficulty of merging three distinct co-operatives, each with cultures built up over 17 years, was problematic at times and will continue to be a challenge for the new board and staff members.

However, negotiations with the DHS proved more complex.

The first major hurdle was convincing the DHS, under the previous Government, that a co-operative structure was preferable to a public company and that sufficient accountability mechanisms had been built into the legislation to accommodate their requirements.

Further obstacles were encountered when moves were made to terminate current head leases held by Rental Housing Co-operatives.

An arbitration process initiated by the United Housing Coalition resulted in the DHS accepting that the perpetual lease could not be terminated.

SouthEast's solicitor then had to sort out the complexities of a merger involving three separate head leases.

While negotiations are yet to be finalised, SouthEast Housing Co-operative is here to stay. It believes it is ideally situated to promote the cause of tenant-managed rental housing co-operatives and secure the housing rights of its members into the future.

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